

TEACHERS' RETIREMENT BOARD
BUDGETS AND AUDITS COMMITTEE

SUBJECT: Quarterly Audit Status Reports

ITEM NUMBER: 9

ATTACHMENTS: 3

ACTION: _____

DATE OF MEETING: July 13, 2000

INFORMATION: X

PRESENTER: Way Lee

The following provides a quarterly report on the status of the Office of Audits' FY 1999-00 school district audits; internal audits, including special projects; external audits; and compliance case reviews as of June 20, 2000 (or as otherwise indicated).

SCHOOL DISTRICT AUDITS:

Follow-up to 13 significant unresolved findings:

The Service Retirements and Membership Divisions are working to complete the required action on the 13 significant unresolved findings we identified to the Budgets and Audits Committee in our April 2000 report.

Current Audits:

During the fourth quarter of FY 1999-00 the school district auditors issued a final school district audit report, a final Reporting Self-Assessment (RSA) report, and a draft RSA report. Fieldwork was completed on a Defined Benefit audit and a Cash Balance audit. Details of these audits are provided in the fiscal year-to-date (FYTD) Status Report at Attachment 1. The following table indicates the status of current audits:

**School District Audits/Projects
Fourth Quarter (3/21/00 - 6/20/00)**

Fieldwork or RSA work in progress	2
Drafting report/review	2
Draft Issued/Completing final report	1
Awaiting management's response	0
Final S/D audit report or RSA report issued	<u>2</u>
Total Audits and Self Assessments:	7

INTERNAL AUDITS:

START Project Review:

The revised estimated completion date for the START first trial run is August 30, 2000. The degree of testing of the conversion process by the Consultants (Macias Gini & Company, LLP) is contingent on substantive data extracts being made available from the August trial run. The primary objective of the Consultants is to evaluate the effectiveness and efficiency of the conversion process in order to determine the degree of risk involved in moving to actual conversion.

The consultants have limited their work to preliminary testing and analysis of selected data extracts obtained from START and IDMS together with an extensive review of the pseudocode contained in START specifications documents. Pseudocode is notation resembling the programming language but not intended for actual compilation. It combines some of the structure of the programming language with an informal natural-language description of the computations to be carried out by the actual program code. It is designed to facilitate an understanding of the conversion process that will be examined during the critical testing phase.

Audits/Special Projects:

During the fourth quarter of FY 1999-00 (from 3/21/00 to 6/20/00) internal audit staff issued two final reports and one draft report on audits or special projects. In addition, four special projects were in progress at 6/20/00. The FYTD Status Report at Attachment 2 provides details of the audit and special projects that staff worked on during the quarter. The following table indicates the status of current internal audits/projects:

<u>Internal Audits/Projects</u>	
<u>Fourth Quarter (3/21/00 - 6/20/00)</u>	
Fieldwork in progress	4
Drafting report/review	0
Draft Issued/Completing final report	1
Awaiting management's response	0
Final report/memo issued	<u>2</u>
Total Audits or Special Projects:	7

COMPLIANCE CASE REVIEWS:

During the period of March 1, 2000 through June 30, 2000 the Compliance Unit staff started 13 new cases and completed 8 cases.

The table below indicates the status of compliance cases for the four-month period ending on June 30, 2000. This data is supported by Attachment 3, which provides details of the cases.

Compliance Cases
Fiscal Year 1999 - 00 YTD (3-1-00 through 6-30-00)

Cases from a prior period	27
Cases started during this period	13
Less final reports issued	<u>8</u>
Total Cases in Progress at the End of the Period:	32

OFFICE OF AUDITS
SCHOOL DISTRICT AUDITS: FYTD STATUS REPORT
As of June 20, 2000

Audit	Month Started	Target for Final Report	Status of Audit	Date of Final Report
San Diego Community College District.	9/99	2/00	Final audit report has been issued.	1/24/00
North Sacramento School District.	10/99	4/00	Final audit report has been issued.	6/7/00
Berkeley Unified, Defined Benefit	2/00	9/00	Field Work Completed	
Berkeley Unified, Cash Balance	2/00	9/00	Field Work Completed	
Hayward Unified	3/00	10/00	Field Work in Progress	

Special Project	Month Started	Status of Project	Date of Final Report or Memo
Audit Improvement - Re-engineering Process.	10/98	Project is ongoing. Status reports are issued periodically	N/A
Reporting Self-Assessment (RSA). Control Self-Assessment of county offices of education.	9/99 10/99	Final report issued to San Diego County Office of Education (COE) in April 2000. Draft report issued to Sacramento COE in December 1999	4/3/00 N/A

OFFICE OF AUDITS
INTERNAL AUDITS: FYTD STATUS REPORT
As of June 20, 2000

AUDIT PROJECTS

Audit	Month Started	Target for Final Report	Status of Audit	Date of Final Report
Death Match Application Process.	5/96 1/98	Complete	Audit complete. Reported to TRB 10/99.	7-16-99
Securities Lending Program.	9/98	Complete	Audit complete. To report to TRB 4/00.	2-15-00
Inactive Member Accounts.	2/99	Complete	Audit complete. Reported to TRB 4/00.	3/27/00
Follow-Up on prior audit findings.	12/99	Complete	Audit complete. Reported to TRB 7/00.	6-20-00
Information Security Office Review	2/00	6/23/00	Draft report issued to management on 6/16/00.	

OFFICE OF AUDITS
INTERNAL AUDITS: FYTD STATUS REPORT
As of June 20, 2000

SPECIAL/OTHER PROJECTS

Special Project	Month Started	Status of Project	Date of Final Report
START Project.	11/97	Fieldwork in progress. Project is ongoing, progress reports are provided to TRB sporadically. Last reported 10/99.	
CPA coordination of external audit of FY 98/99 Fin/Stmts.	6/98	Coordination activities complete. F/S presented to TRB 11/99.	N/A
CPA selection IFB & CPA coordination of external audit of FY 99/00 Fin/Stmts.	2/00	Coordinated bid language and new contract language with the Contract Unit. Work in Progress.	N/A
Y2K Progress Review.	10/98	Project Complete. Final report issued to CEO 12/99.	12/22/99
Fraud Policy. Develop Fraud Policy for CalSTRS.	10/99	Fieldwork in progress. (Target for completion is July 2000)	
Risk Assessment – Investments Branch	3/00	Field work in progress. (Target for completion is July 2000.)	

OFFICE OF AUDITS
COMPLIANCE CASES: STATUS REPORT
Fiscal Year 1999-2000
March 1, 2000 through June 30, 2000

Number	Assignments	Status
	Cases in Progress (32): From March 1, 2000 through June 30, 2000:	
C-2127	Gilroy Unified School District	Case work in progress.
C-2164	Oakland Unified School District	Case work in progress.
C-2167	Oakland Unified School District	Case work in progress.
C-2168	San Joaquin Delta Community College District	Case work in progress.
C-2226	West Contra Costa Unified School District	Case work in progress.
C-2227	West Contra Costa Unified School District	Case work in progress.
C-2228	West Contra Costa Unified School District	Case work in progress.
C-2229	West Contra Costa Unified School District	Case work in progress.
C-2230	West Contra Costa Unified School District	Case work in progress.
C-2261	Ventura Community College	Case work in progress.
C-2263	Lassen Community College District	Case work in progress.
C-2264	Lassen Community College District	Case work in progress.
C-2265	Lassen Community College District	Case work in progress.
C-2266	Susanville Elementary Scholl District	Case work in progress.
C-2267	Shaffer Unified School District	Case work in progress.
C-2268	Ravendale Elementary School District	Case work in progress.
C-2273	Chowchilla Union High School District	Case work in progress.
C-2275	Sacramento City Unified School District	Case work in progress.

Number	Assignments	Status
C-2277	Victor Valley Community College District	Case work in progress.
C-2279	Santa Cruz County Office of Education	Case work in progress.
C-2280	Santa Cruz County Office of Education	Case work in progress.
C-2281	Santa Cruz County Office of Education	Case work in progress.
C-2282	Santa Cruz County Office of Education	Case work in progress.
C-2283	Los Angeles County Office of Education	Case work in progress.
C-2284	Yuba City Unified School district	Case work in progress.
C-2285	Yuba City Unified School district	Case work in progress.
C-2286	Los Angeles Unified School District	Case work in progress.
C-2287	Los Angeles Unified School District	Case work in progress
C-2288	Alisal Union elementary School District	Case work in progress.
C-2289	Lake Elsinore Unified School District	Case work in progress.
C-2290	Riverside County Office of Education	Case work in progress.
C-2291	Suisun Unified School district	Case work in progress.

Number	Assignments	Status
	Cases in Review Process (0) From March 1, 2000 through June 30, 2000:	

Number	Assignments	Status
	Final Reports Issued Fiscal year-to-date (45): Final Reports Issued From March 1, 2000 through June 30, 2000 (8) are shown in bold:	
C-2148	Victor Valley Unified School District	Final report issued 10-25-99
C-2150	Barstow Unified School District	Final report issued 7-13-99
C-2169	San Joaquin Delta Community College District	Final report issued 12-10-99
C-2170	San Joaquin Delta Community College District	Final Report Issued 1-24-00
C-2197	Martinez Unified School District Peralta Unified School District	Final report issued 11-4-99
C-2214	Butte College	Final report issued 8-18-99
C-2221	Kern Community College	Final report issued 8-12-99
C-2231	San Ramon Valley Unified School District	Final report issued 7-15-99
C-2233	San Ramon Valley Unified School District	Final report issued 7-15-99
C-2234	San Mateo County Office of Education	Final report issued 12-2-99
C-2235	San Mateo County Office of Education	Final report issued 10-14-99
C-2236	San Mateo County Office of Education	Final report issued 10-14-99
C-2237	South San Francisco Unified School District	Final report issued 9-27-99
C-2238	Sequoia Union High School District	Final report issued 7-27-99
C-2239	Sequoia Union High School District	Final report issued 8-11-99
C-2240	Jefferson Union High School District	Final report issued 10-21-99
C-2241	Jefferson Union High School District	Final report issued 10-19-99
C-2242	Jefferson Union High School District	Final report issued 9-24-99

Number	Assignments	Status
C-2243	Jefferson Union High School District	Final report issued 9-24-99
C-2244	Jefferson Union High School District	Final report issued 8-3-99
C-2245	Portola Valley Elementary School District	Final report issued 12-20-99
C-2246	Portola Valley Elementary School District	Final report issued 9-28-99
C-2247	Portola Valley Elementary School District	Final report issued 12-17-99
C-2248	San Francisco Unified School District	Final Report Issued 2-10-00
C-2249	San Francisco Unified School District	Final Report Issued 2-10-00
C-2250	Freemont Unified High School District	Final Report Issued 2-8-00
C-2251	King City Union Elementary School District	Final Report Issued 2-9-00
C-2252	Monterey Peninsula Unified School District	Final report issued 10-18-99
C-2253	Lompoc Unified School District	Final Report Issued 2-11-00
C-2254	Allen Hancock Joint Community College District	Final report issued 11-18-99
C-2255	Novato Unified School District	Final report issued 11-3-99
C-2256	Marin County Office of Education	Final Report Issued 1-5-00
C-2257	Marin County Office of Education	Final Report Issued 2-7-00
C-2258	Arcadia Unified School District	Final report issued 10-5-99
C-2259	State Center Community College	Final Report Issued 1-4-00
C-2260	College of Marin	Final report issued 11-3-99
C-2262	Palomar Community College District	Final Report Issued 2-17-00
C-2269	Vista Unified School District	Final report issued 4-13-00
C-2270	El Dorado Union High School District	Final report issued 5-17-00

Number	Assignments	Status
C-2271	Kern County Office of Education	Final report issued 5-9-00
C-2272	Humboldt County Office of Education	Final report issued 4-12-00
C-2274	Sacramento City Unified School District	Final report issued 4-24-00
C-2275	Sacramento City Unified School District	Final report issued 4-24-00
C-2276	Upland Unified School District	Final report issued 5-9-00
C-2278	Oceanside City Unified School District	Final report issued 5-9-00